



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Attn: Mandatory Review, MC 4920 DAL
1100 Commerce St.
Dallas, Texas 75242

501.10-00

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: June 10, 2010

Release Number: 201039037

Release Date: 10/1/10

LEGEND

ORG = Organization name

XX = Date Address = address

Employer Identification Number:

Person to Contact/ID Number:

Contact Numbers:

Voice :

Fax:

ORG

ADDRESS

Dear

Under group ruling number 9470 in May, 19XX, you were held to be exempt from Federal income tax under IRC § 501(c)(10).

We have determined you have not operated in accordance with the provisions of IRC §501(c)(10). We have explained the basis for our determination in the enclosed report of examination.

On 1/11/20XX, you signed Form 6018-A, Consent to Proposed Action, agreeing to the revocation of your exempt status under section 501(c)(10) of the Code. Therefore, your exemption from Federal income tax is revoked effective January 1, 20XX.

You have filed taxable returns on Form(s) 1120, for the year(s) ended 12/31/20XX, 12/31/20XX, 12/31/20XX with us. For future periods, you are required to file Form 1120 with the appropriate service center indicated in the instructions for the return.

This is a final adverse determination letter with regard to your status under IRC § 501(c)(10).

If you have any questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

Nanette M. Downing
Director, EO Examinations



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
1100 Commerce Street
Dallas, TX 75242

November 3, 2009

ORG
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear

We have enclosed a copy of our report of examination explaining why we believe an adjustment of your organization's exempt status is necessary.

If you do not agree with our position you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

You may also request that we refer this matter for technical advice as explained in Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*. If a determination letter is issued to you based on technical advice, no further administrative appeal is available to you within the IRS on the issue that was the subject of the technical advice.

If you accept our findings, please sign and return the enclosed Form 6018, *Consent to Proposed Adverse Action*. We will then send you a final letter modifying or revoking exempt status. If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In that event, you will be required to file Federal income tax returns for the tax period(s) shown above. File these returns with the Ogden Service Center within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Sunita B. Lough
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Form 6018
Report of Examination
Envelope

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended June 30, 20XX

LEGEND

ORG = Organization name XX = Date City = city State = state
 President = President CO= CO

ISSUE

Whether ORG is operated exclusively for exempt purposes described within Internal Revenue Code section 501(c)(10).

FACTS

ORG (hereinafter "ORG") whose employer identification number is #, was incorporated on April 4th, 20XX. ORG is recognized as an organization exempt from federal income tax as described in IRC section 501 (c)(10) of the Code, and is under the group ruling number . ORG maintains two liquor licenses. Their primary license number is #, and this is to sell liquor by the drink for a tax exempt entity. The secondary license number is #, and this is to sell liquor by the drink on Sundays.

In Chapter 311, Section 311.090 of the State Revised Statutes, Liquor Control Law, "in order for a licensee to sell intoxicating liquor outside city limits, a licensee must meet certain provisions such as having obtained an exemption from the payment of federal income taxes as provided in IRC sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(7), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the United States Internal Revenue Code of 1954, as amended in any incorporated city having a population of less than 19,500 inhabitants as determined by the last decennial census under the provisions and methods set out in this chapter." Also, in Chapter 311, Section 311.097 of the State Revised Statutes, Liquor Control Law states "that an organization can obtain a license to sell liquor by the drink if at least 50% of the gross income of which is derived from the sale of prepared meals or food consumed on such premises or which has an annual gross income of at least \$ from the sale of prepared meals or food consumed on such premises. CO was unable to meet the food sales requirements. Since President's inception with the CO, President has been able to sell liquor by the drink because of his organization's exemption from Federal income tax under IRC 501(c)(10).

CO is located in City, State. CO meets the requirements in Section 311.090 of the State Revised Statutes Liquor Control Law, because as of the last decennial census the population was , which is well above the 19,500 minimum required for an organization to obtain a license to sell liquor by the drink without being exempt from federal income tax.